

SAMPLE FINANCIAL BROKERS BUSINESS PROTECTION FACTFIND

This document has been prepared to assist independent Financial Brokers in gathering the relevant information needed to help them recommend a Business Protection arrangement for their clients.

It does not constitute financial advice and has not been prepared based on the financial needs or objectives of any particular person, and does not take account of the specific needs or circumstances of any person.

In ALL cases we would recommend that business owners obtain professional legal and tax advice to ensure any arrangement they put in place is appropriate to their personal and corporate circumstances.

General Business Details

Business Name:

Company Registration Number:

Nature of Business: Business Year End:

Address:

Contact Name:

Mobile Number:

Phone Number:

Fax Number:

Type of business: Limited company ☐ Partnership ☐ Self Employed ☐

Number of employees: Number of years trading:

Is there a company website? Yes ☐ No ☐

If so please give web address

Explanatory note:

'Nature of Business' and 'Type of Business' are both important in order to ensure that any proposed arrangements are structured correctly from a legal and taxation point of view.

'Number of years trading': This is important as from a financial underwriting point of view a company trading successfully for a number of years will be looked at more favourably, than a start-up company.

Business Ownership

Shareholder / Partner	% Share	Period of Ownership	Date of Birth	Smoker Status	Marital Status

Additional questions in the case of a Limited Company

Are all shareholders resident and ordinarily resident in Ireland for tax purposes? Yes ☐ No ☐

If no, give details

Are any of the shareholders related to one another? Yes ☐ No ☐

If yes, give details

Explanatory note:

For limited companies where the Corporate Share Buy / Back option is being proposed all shareholders must be resident and ordinarily resident in Ireland to ensure the arrangement is tax efficient.

The period of ownership is very important in order to establish if that particular shareholder can effect a Corporate Share Buy / Back arrangement as one of the rules for Capital Gains Tax treatment on the sale of the shares back to the company is that the shares have to be owned for a period of 3 years.

If a husband and wife are shareholders in a private limited company they may not be able to structure a Corporate Share Buy / Back arrangement as they may not satisfy the rules for Capital Gains Tax treatment. (The vendor and his associates combined must have less than 30% of the equity of the company after the purchase.)

Shareholder / Partnership Protection

Explanatory note:

These questions prompt the shareholders or partners to consider this key area. In most cases their share is being left to a spouse or dependant and it reminds the surviving business partners that they could be faced with working with a wife, son or daughter who knows nothing about the business.

In many cases there will be no arrangement in place and the need will be underlined. If there is an arrangement in place it may need to be reviewed depending on how the existing arrangement was structured.

On the death of the shareholder / partner what is to happen their share in the business?

What arrangements have been made to ensure the surviving shareholders / partners will be able to purchase a share of the business from a deceased shareholder / partner / next of kin in order to retain control of the business?

What is your business worth? To value a shareholder / partners share of the business and establish any potential exposure, the business value is needed.

Estimated total value of the business / company €

Fixed assets held by the company / business €
Include the monetary value of all commercial, investment property and machinery

	Last year	Previous year	Previous year to that
Turnover	€	€	€
Gross Profit	€	€	€
Net Profit	€	€	€
Bank Account Balances	€	<input type="text"/>	
Company Investments	€	<input type="text"/>	
Company Borrowings	€	<input type="text"/>	

Forward contracts	€	<input type="text"/>
Existing business cover	€	<input type="text"/>

Explanatory Note:

Most companies are valued on the basis of a multiple of Gross or Net Profit or Turnover.

Traditionally companies in the service industry e.g. Pubs/Hotels, are valued on the basis of a multiple of turnover.

The vast majority of established sales/manufacturing/distributions companies are valued based on a multiple of profit. The market value of a private company is essentially what someone is willing to pay for it! However as private companies are not sold very often, and the sale would tend to be private the market can be difficult to estimate, unless a similar company of about the same size, operating in the same markets etc. had been sold recently.

The person buying or investing in a private company is essentially looking at making a reasonable return on their money. This is why profit tends to be used as a guide because in most companies it represents the return available to the owners. We would therefore normally look at Net Profit before tax – i.e. profit after expenses, but before tax.

The company's fixed assets and any company investments and bank balances should also be included.

Keyperson Cover

Do you have any Key Employees? The loss of a key employee can devastate a business....critical contracts lost, irreplaceable knowledge /skills etc. You can now plan to cover some of the potential loss

	Key Employee	Key Employee	Key Employee	Key Employee
Name				
Date of Birth				
Smoker Status				
Salary/bonus this year	€	€	€	€
Salary/bonus last year	€	€	€	€
Salary year before	€	€	€	€
Service	years	years	years	years
Job Title				
Existing Cover	€	€	€	€
Cover required	€	€	€	€
Is specified illness cover required?				

Explanatory note:

In determining the appropriate amount of keyperson insurance cover an insurable value must be put on the potential financial loss that the company would suffer on the death or serious illness of the “key” individual.

In assessing the amount of cover the main factors tend to be:

- Loan Repayment - any loans personally guaranteed by the keyperson or any loans made by him / her to the company.
- Loss of profits cover - the death of the keyperson could jeopardise the trading position and profitability of the company.
- Plus - The costs of replacing the keyperson.

Other than in the case of loan cover, estimating the financial loss can be extremely difficult. The level of cover should normally be related to either the individual's salary or to the company's profitability. Typical maximum cover levels should not exceed 10 times salary, or if the calculation is in relation to profit then the keypersons % contribution to profit, to a maximum of twice gross profit or five times net profit. (I.e. profit after expenses but before tax).

Reason for cover is important to establish the tax treatment of the proceeds of the plan in the company's hands